This Management Discussion and Analysis ("MD&A") should be read in conjunction with Aurcana Corporation's (the "Company" or "Aurcana") audited consolidated financial statements for the year ended December 31 2007 and the interim unaudited consolidated financial statements for the period ended June 30, 2008 and the related notes thereto, which have been prepared in accordance with Canadian generally accepted accounting principles. Additional information can be found on SEDAR at www.sedar.com and on our Company website www.aurcana.com. The reader should be aware that historical results are not necessarily indicative of future performance. All amounts are expressed in Canadian dollars unless otherwise indicated.

The effective date of this MD&A is August 28, 2008, as restated August 27, 2009.

Restatement

During the preparation of the consolidated financial statements for the year ended December 31, 2008, the Company determined that the effects of drastically falling concentrate prices, which commenced in the second quarter, had materially affected the quarterly results for the 2008 fiscal year. The misstatement was a result of the length of time required to settle on the final price and grade of concentrate sales from the La Negra mine under the terms of the contract then in effect. The contract allowed for the final sale price to be set based on prices in existence several months after the original sale was completed.

Additional changes were made to reflect other non-material items found during the preparation of the consolidated financial statements for the year ended December 31, 2008. The format of the financials was also amended to reflect the presentation in effect as of the 2008 year end.

The financial statements have been restated to give effect to the revalued invoices for the period, resulting in the following changes to the financial statements:

		Previously Reported		Restated		Adjustments
Consolidated Balance Sheet						
Total Assets	$	58,325,868	$	56,533,781	$	(1,792,087)
Total Liabilities		29,804,139		30,062,639		258,500
Shareholders' Equity	$	28,521,729	$	26,471,141	$	(2,050,588)
For the 6 months ended June 30, 2008						
Sales	$	6,552,913	$	4,502,326	$	(2,050,587)
Gross Margin (loss)		1,484,772		(565,815)		(2,050,587)
Expenses		(2,996,386)		(2,889,627)		106,759
Net Loss	$	(1,400,662)	$	(3,344,490)	$	(1,943,828)
For the 3 months ended June 30, 2008						
Sales	$	3,205,640	$	1,155,053	$	(2,050,587)
Gross Margin (loss)		448,962		(1,601,625)		(2,050,587)
Expenses		(1,494,102)		(1,387,343)		106,759
Net Loss	$	(962,245)	$	(2,906,073)	$	(1,943,828)

Forward Looking Statements

This report contains "forward-looking statements", including, but not limited to, statements regarding the Company's expectations as to the market price of minerals, strategic plans, future commercial production, production targets and timetables, mine operating costs, capital expenditures, work programs, exploration budgets and mineral reserve and resource estimates. Forward-looking statements express, as at the date of this report, the Company's plans, estimates, forecasts, projections, expectations, or beliefs as to future events or results. Forward-looking statements involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events could differ materially from those anticipated in such statements and Aurcana assumes no obligation to update forward-looking information in light of actual events or results.

Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements, include, but are not limited to, factors associated with fluctuations in the market price of minerals, mining industry risks and hazards, environmental risks and hazards, uncertainty as to calculation of mineral reserves and resources, requirement of additional financing, risks of delays in construction and other risks. Actual results may differ materially from those currently anticipated in such statements.

The forward looking information in this MD&A is based on management's current expectations and Aurcana assumes no obligations to update such information to reflect later events or developments, except as required by law. Additional information, about the risks and uncertainties of the Company's business is provided in its disclosure materials, including its most recent annual and quarterly filings filed with the securities regulatory authorities in Canada available at www.sedar.com.

General

The results for the period ended June 30, 2008 include the results from our silver-copper-zinc-lead mining operations at the La Negra mine, as restated, as well as the continuing advancement of the Rosario project. The net loss for the three months ended June 30, 2008 was $2,906,073 ($0.03 per share) (Year to date: $3,344,490 - $0.04 per share) compared to a profit of $102,261 (YTD: a loss of $3,229,373 - $0.04 per share) for the comparable period of 2007. Sales for the three and six month period under review were $1,155,053 and $4,502,326 (2007: $nil) after restatements.

Nature of Business

Aurcana Corporation ("Aurcana" or the "Company") was incorporated under the laws of Ontario on October 12, 1917 under the name "Cane Silver Mines Limited" and was continued under the Canadian Business Corporations Act on September 14, 1998 under the name Aurcana Corporation. Aurcana is a reporting issuer in British Columbia, Alberta and Ontario.

The Company is listed on the TSX Venture Exchange under the symbol AUN and is engaged in the business of mining, exploration and development of mineral properties. The principal focus is the operation and development of mineral properties, primarily silver-copper-zinc-lead mines in Mexico. The Company is currently operating the La Negra silver-copper-zinc-lead mine ("La Negra"), located in the state of Queretaro, through its 80% joint venture share in Real de Maconi S.A. de C.V. and is conducting exploration and preliminary engineering work on the Rosario silver-lead-zinc-gold mine and surrounding property (the "Rosario" project), located in the state of Sinaloa, through its 100% owned subsidiaries Aurcana de Mexico S.A. de C.V. and Minera Aurcana S.A. de C.V.

The Company began recognizing revenues from the La Negra on July 1, 2007, upon reaching consistent production targets beyond 75% of production in the month of June. Option payments towards the acquisition of Rosario are fully paid up and exploration and preliminary engineering is well underway.

Overall Performance

La Negra

The Company originally reported that it appeared to benefit from strong metal prices during the quarter ended June 30, 2008. However, the settlement mechanism then in place for invoices billed in the quarter allowed the concentrate buyer to apply prices in effect 3 months after shipments were received at the receiving port. As this period overlapped the collapse of metal prices in mid-2008, the final results of the invoices billed in the period required an adjustment of $2.1 million to sales for the quarter. As a result of this adjustment accounts receivable were reduced by $1.8 million with liabilities being adjusted by $0.3 million.

Subsequent to the final determination of the timing and magnitude of this adjustment during the 2008 annual audit, changes were made to the settlement terms, shortening the period to one month. Additional changes were made to allow the Company to fix prices at its discretion.

During the first quarter of fiscal 2008 the Company experienced a strike at La Negra which negatively impacted work for a period of approximately one week. This impact was more than offset by the increased results noted in March as the anticipated mining equipment began to arrive at site. However the next quarter saw a decrease in profitability as the mine struggled to achieve tonnage at budgeted grades and experienced increases in maintenance costs.

Recent production levels are on target to achieve an average throughput of 1,000 tonnes per day with constant attention paid to achieving budgeted grades. As well, there has been a significant draw down of stockpiled broken ore inventory. All concentrate production is being delivered into sales contracts.

Rosario

On February 22, 2007, the Company received Exchange approval to enter into an Option Agreement to acquire, through its subsidiary, Aurcana de Mexico, a 100% interest in Rosario for $US 3,000,000.

Following a technical and legal review, on August 7, 2007 the Company exercised the Option to Purchase and executed a Sale and Purchase Agreement to acquire a 100% undivided interest in Rosario, under the following terms:

February 22, 2007	US $250,000 upon signing the option agreement *(paid)*
August 7, 2007	US $250,000 upon signing the purchase agreement *(paid)*
February 7, 2008	US $1,250,000 *(paid)*
February 7, 2009	US $ 1,250,000

During March 2008 the Company engaged Britton Hermanos to complete a 3,000 metre surface diamond drilling program at Rosario. The drill program commenced on April 1, and the objective is to confirm the extent of mineralization associated with the San Francisco and Yecora vein systems which occur adjacent to the high grade San Juan vein. The program will consist of drilling 10 to 12 holes from 3 drill stations on the San Francisco vein and 6 to 8 holes from 2 drill stations on the Yecora vein.

Sale of Silver

In June 2008, Aurcana agreed to sell to Silver Wheaton (Caymans) Ltd. ("Silver Wheaton") 50% of the silver metal to be produced from ore extracted during the mine-life at La Negra. The sale was made in consideration of a prepayment to Cane Silver Inc., a 100% owned subsidiary of Aurcana, of US$25 million in cash, plus a fee per ounce of payable silver to be delivered to Silver Wheaton of the lesser of US$3.90 (subject to an inflationary adjustment beginning after year three) and the prevailing market price per ounce.

During the period ended June 30, 2008, Aurcana delivered concentrate containing 18,834 ounces (2007 – Nil) of silver for credit to Silver Wheaton.

Shafter

Subsequent to the period end, Aurcana closed the acquisition of 100% of the Shafter silver mine ("Shafter") from Silver Standard Resources Inc. ("Silver Standard") as announced on April 3, 2008. Shafter, which is located in southwest Texas, has a measured and indicated resource of 21,000,000 ounces of silver and an inferred resource of 20,200,000 ounces of silver.

In order to acquire Shafter, Aurcana paid Silver Standard US $23 million in cash; issued 15 million Aurcana common shares and a $10 million convertible debenture paying a 3% coupon. The debenture has a three year term and is convertible into 6.62 million Aurcana common shares at $1.51 per share.

Production at La Negra for the last four quarters

Quarter Ended	June 30, 2008	March 31, 2008	Dec. 31, 2007	Sept. 30, 2007
Inventory (start of period)				
Ore stockpiles (wet tonnes)	7,437	8,967	8,641	35,843
Zinc concentrate (tonnes)	101	111	49	-
Copper/silver concentrate (tonnes)	5	20	99	150
Production				
Ore mined (wet tonnes)	78,732	70,344	77,162	45,540
Ore milled	73,768	71,874	78,836	72,742
Average grade				
Zinc	0.73%	0.96%	1.28%	0.75%
Copper	0.74%	0.91%	0.73%	0.80%
Silver (g/t)	67	77	64	68
Zinc concentrate (tonnes)	439	670	4,184	536
Containing zinc	178	301	497	188
Copper concentrate (tonnes)	2,354	2,443	2,028	2,482
Containing copper	428	497	435	422
Silver (ounces)	105,362	125,528	110,725	117,476
Shipped				
Zinc concentrate	532	680	1,122	487
Copper concentrate	2,352	2,458	2,107	2,533
Inventory (end of period)				
Ore stockpiles (wet tonnes)	12,401	7,437	8,967	8,641
Zinc concentrate (tonnes)	8	101	111	49
Copper/silver concentrate (tonnes)	7	5	20	99
Sales				
Zinc concentrate (tonnes)	532	680	1,122	487
Payable zinc (tonnes)	120	224	347	143
Copper concentrate	2,352	2,458	2,107	2,533
Payable copper (tonnes)	352	414	375	392
Payable Silver (ounces)	88,086	101,948	91,549	96,065

Financial Data for the last Eight Quarters

Quarter Ended	June 30, 2008 (restated)	March 31, 2008	Dec. 31, 2007	Sept. 30, 2007
Total Revenues	$ 1,155,053	$ 3,347,273	$ 2,643,781	$ 3,936,456
Purchase of Equipment	$ 1,765,395	$ 216,494	$ 2,694,527	$ 330,771
Expenditures on Mineral Properties	$ 1,321,832	$ 580,220	$ 1,297,335	$ 1,495,895
Income (loss) before other items	$ (2,988,968)	$ (466,474)	$ 236,230	$ (144,422)
Net Income (loss)	$ (2,906,073)	$ (438,417)	$ 236,230	$ (144,422)
Income (loss) per share	$ (0.03)	$ (0.00)	$ (0.00)	$ (0.00)

	June 30, 2007	March 31, 2007	Dec. 31, 2006	Sept. 30, 2006
Total Revenues	$ -	$ -	$ -	$ -
Purchase of Equipment	$ 358,418	$ 138,504	$ 80,339	$
Expenditures on Mineral Properties	$ 845,276	$ 2,161,753	$ 3,293,897	$ 120,804
Income (loss) before other items	$ (164,761)	$ (3,086,219)	$ (1,395,015)	$ (1,482,114)
Net Income (loss)	$ 102,261	$ (3,331,634)	$ (1,922,656)	$ (1,210,249)
Income (loss) per share	$ 0.00	$ (0.04)	$ (0.03)	$ (0.01)

The second quarter of 2008 marks the fourth quarter in which the Company has recognized sales and therefore comparatives to prior years are difficult to provide, but compared to the first quarter of fiscal 2008 sales are down 65% primarily due to struggles with capacity and grade recovery, as well as the impact of pricing adjustments on outstanding invoices. The Company previously commented on the need for increased machinery in the mine to enable the work to develop on multiple fronts and is encouraged by the improved results when the numbers are compared to the preceding quarter (the fourth quarter of 2007).

Results of Operations

Production and Sales

The budget for 2008 forecasts 300,000 tonnes of total production with relatively consistent tonnes and grade. The mine has struggled to achieve budgeted grades however with the addition of new mining equipment improved grade recovery is expected by the fourth quarter of 2008 and into 2009.

Operating Margin

The Company's restated gross margin for the second quarter of 2008 was a loss of $1,601,625. This represents a substantial drop from the three months ended 31 March and is primarily a result of lower grade than budgeted, increasing maintenance costs, and the price collapse in metal prices. There were also increases in explosives expenditures due to an expansion of faces. For the six months ended June 2008 gross margin was a loss of $565,815. The cost of sales for the period was $2,757,000 and $5,068,000 for the six months ended June 2008. As this is only the fourth quarter of production comparatives are not possible against the prior year.

Restated operating expenses 2008 for the three month period under review was $1,387,343 and for the six months ended June 2008, $2,889,627. Operating expenses as originally disclosed were reduced by $106,759 due to an adjustment made to stock based compensation upon restatement. Previous year comparatives were a gain of $50,044 due to foreign exchange and a year to date expense of $3,021,922. The prior year included a large expense due to stock based compensation.

Administrative expenses for 2008 net of other items, totaled $371,000 for the period and $ 653,000 for the six months as of June as follows:

	Three Months ended June 30,		Six Months ended June 30,	
	2008	2007	2008	2007
Management fees	$ 181,000	$ 31,000	$ 231,000	$ 75,000
Rent and overhead	19,000	13,000	38,000	25,000
Travel and accommodation	29,000	44,000	70,000	61,000
Licenses	-	-	30,000	-
Office and stationary	34,000	34,000	57,000	45,000
Insurance	11,000	6,000	35,000	12,000
Consulting	97,000	60,000	192,000	94,000
	$ 371,000	$ 188,000	$ 653,000	$ 312,000

The predominant increases in administrative expenses are in management fees and consulting: the former is a result of the recognition of the office costs at La Negra and the latter, an increase in audit and other professional fees. The Company also incurred costs related to due diligence on Shafter.

Cash Flows

Cash flow from operating activities (before changes in non-cash working capital) for the second quarter ended June 30, 2008 was an outflow of $2,249,557 (YTD:$ 1,859,812) compared to a cash inflow of $103,000 and outflow of $364,000 for the same period of 2007.

Within non-cash working capital for the period, the most notable changes were:

Accounts Receivable trade increase of $23,344,000, mainly for the forward sale of silver to Silver Wheaton (2007 – Nil).

Accounts Receivable other decrease of $189,000 due to value added tax refund (2007 – (643,000).

A decrease in Prepaid amounts of $578,000 (2007 – $88,000) for equipment that already arrived in plant.

Accounts payable decrease of $150,000 (2007 – 145,000), providing a net cash outflow of $22,606,000 from changes in non-cash working capital items.

Under financing activities, during the period the Company entered into an agreement with Silver Wheaton covering the forward sale of 50% of the silver produced at the La Negra mine. On closing, this sale resulted in the Company recording a large accounts receivable balance of $24,700,000. These funds were collected subsequent to the end of the period.

At June 30, 2008, cash and cash equivalents totaled $4,315,000 (2007- $16,472,000).

Liquidity

The working capital position of the Company is positive. Current assets exceed current liabilities by $30,884,000 compared to working capital of $12,151,000 at December 2007. While management expects positive cash flow from the La Negra operation there will still be considerable outflows in the near term as the Shafter project is developed. During July 2008 the Company completed the purchase of Shafter from Silver Standard and paid out approximately $23,000,000.

Outstanding Share Capital

As at June 30, 2008 the Company had outstanding 92,543,933 common shares. In addition the Company had outstanding 5,650,000 share purchase options and 9,106,950 share purchase warrants for total diluted shares outstanding of 107,300,883.

As at the date hereof, as amended and restated, the Company has outstanding 108,583,933 common shares. In addition the Company has outstanding 7,695,000 share purchase options and nil share purchase warrants for total diluted shares outstanding of 116,278,883. The increase in outstanding shares represents 15,000,000 shares issued for the acquisition of Shafter from Silver Standard Resources Inc and 1,040,000 issued as a financial advisory fee on the forward sale of silver, to Canaccord Capital

Risk and Uncertainties

The operations of Aurcana are speculative due to the high risk nature of its business which involves the copper and zinc production and exploration and development of mining properties. The following is a brief discussion of those distinctive or special characteristics of Aurcana's operations and industry which, may have a material impact on, or constitute risk factors in respect of Aurcana's financial performance.

Mining Risks and Insurance

The mining business is subject to certain types of risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected changes to rock formations, changes in the regulatory environment, cave-ins and flooding. Such occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. Any payments made with regards to such liabilities may have a material adverse effect on Aurcana's financial performance and results of operations. The Company carries insurance to protect itself against certain risks of mining and processing to the extent that is economically feasible but which may not provide adequate coverage in all circumstances.

Uncertainty of Mineral Reserves

Mineral reserves and mineral resources are estimates of the size and grade of deposits based on limited sampling and on certain assumptions and parameters. No assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. The ore grade actually recovered by the Company may differ from the estimated grades of the mineral reserves and mineral resources. Prolonged declines in the market price of copper or zinc may render mineral reserves containing relatively lower grades of mineralization uneconomic to exploit and could materially reduce the Company's reserves. Should such reductions occur, the Company could be required to take a material write-down of its investment in mining properties or delay or discontinue production or the development of new projects, resulting in increased net losses and reduced cash flow. Market price fluctuations, as well as increased production costs or reduced recovery rates, may render mineral reserves containing relatively lower grades of mineralization uneconomical to recover and may ultimately result in a restatement of mineral resources. Short-term factors relating to mineral reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may impair the profitability of a mine in any particular accounting period.

The Company adjusts its mineral reserves annually by the amount extracted in the previous year, by the additions and reductions resulting from new geological information and interpretation, actual mining experience, and from changes in operating costs and metal prices. Mineral reserves are not revised in response to short-term cyclical price variations in metal markets.

Replacement of Mineral Reserves

There are a number of uncertainties inherent in any program relating to the location of economic mineral reserves, the development of appropriate metallurgical processes, the receipt of necessary governmental permits and the construction of mining and processing facilities and the appropriate financing thereof. Accordingly, there can be no assurance that the Company's programs will yield new mineral reserves to replace mined reserves and to expand current mineral reserves.

Reclamation Obligations

Reclamation requirements may change and do vary depending on the location and the government regulatory body, but they are similar in that they aim to minimize long term effects of exploration and mining disturbance by requiring the operating company to control possible deleterious effluents and to re-establish to some degree predisturbance land forms and vegetation. The Company calculates its estimates of the ultimate reclamation liability based on current laws and regulations and the expected future costs to be incurred in reclaiming, restoring and closing its operating mine site. It is possible that the Company's estimate of its ultimate reclamation liability could change in the near term due to possible changes in laws and regulations and changes in cost estimates

Exploration Risks

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration programs planned will result in a profitable commercial mining operation.

Whether any mineral deposit is commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; and government regulations, including minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in Aurcana not receiving an adequate return on invested capital.

Conflicting Interests

Certain of the directors and officers of Aurcana also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by such directors and officers involving Aurcana will be made in accordance with their duties and obligations to deal fairly and in good faith to Aurcana and such other companies. In addition, such directors and officers are required to declare and refrain from voting on any matter in which such directors and officers may have a conflict of interest.

Permitting and Title

Aurcana's operations may require licenses and permits from various governmental authorities. There can be no assurance that Aurcana will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and production operations on Aurcana's properties.

Any of Aurcana's properties may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. If a title defect or defects do exist, it is possible that Aurcana may lose all, or a portion, of its interest in the affected mineral claims. Aurcana has no present knowledge of any defect in the title of any of the properties in which the company has or may acquire an interest.

Management Services

The success of Aurcana depends to a large extent, on the ability and judgment of the senior management of Aurcana and upon Aurcana's ability to retain the services of senior management. The loss of their services may have a material adverse affect on Aurcana.

Market Influences

The Company's Common Shares are listed for trading on the TSX Venture Exchange. Shareholders of the Company may be unable to sell significant quantities of the Common Shares into the public trading markets without a significant reduction in the price of the shares, if at all. The market price of the Common Shares may be affected significantly by factors such as changes in the Company's operating results, the availability of financings, fluctuations in the price of metals, the interest of investors, traders and others in small exploration stage public companies such as the Company and general market conditions. In recent years the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly small capitalization exploration companies similar to the Company, have experienced wide fluctuations, which have not necessarily been related to the operating performances, underlying asset values or future prospects of such companies. There can be no assurance that future fluctuations in the price of the Company's shares will not occur.

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as at June 30, 2008 or as at the date hereof.

Transactions with Related Parties

During the 6 month period ended June 30, 2008, the Company paid or accrued:

Management fees of $109,000 (2007 - $138,000) to a company controlled by common directors;
Administrative management fees of $240,000 (2007 - $Nil) to a company controlled by a director;
Technical, geological and consulting services of $84,000 (2007 - $41,000) to a company controlled by a director;
Consulting fees of $42,000 (2007 - $) to officers or a company controlled by an officer,

As at June 30, 2008:

Prepaid expenses and deposits included an amount of $9,000 (December 31, 2007 - $9,000)for management fees paid to a company controlled by common directors;
Accounts payable included $12,000 (31 December 2007 - $1,000) to an officer and to a company controlled by a director.

These fees were measured at the exchange amount, which is the amount agreed upon by the parties.

Commitments

Supply agreement

On November 14, 2006, Minera La Negra signed a purchase contract with Trafigura Beheer B.V. ("Trafigura") whereby Trafigura agreed to purchase 100%, evenly spread from January to December, of copper concentrate to be produced during the years 2007, 2008 and 2009 by the La Negra mine. Production is estimated to be 8,000 to 10,000 tonnes per year for prices based on the published prices in the Metal Bulletin in London in US dollars *(Note 8).*

Acquisition of Rosario property

The Company has commitments, through its subsidiary Aurcana de Mexico S.A. de C.S.V., on the acquisition Rosario requiring payment of US$1,250,000 on each of February 7, 2008 *(paid)* and 2009 *(Notes 7 and 8)*.

Office Lease

Effective May 1, 2007, the Company executed a lease for new office space for a period of 36 months, expiring on 31 May 2010. The minimum annual payments are as follows:

2008	$ 49,331
2009	$ 50,391

2010	$ 21,180

Shafter

During July 2008, Aurcana closed the acquisition of its 100% interest in the Shafter silver mine (“Shafter”) from Silver Standard Resources Inc.(“Silver Standard”) Shafter is located in Presidio County, southwest Texas. Shafter has a measured and indicated resource of 21,000,000 ounces of silver and an inferred resource of 20,200,000 ounces of silver.

To acquire Shafter Aurcana paid Silver Standard US $23 million in cash; issued 15 million Aurcana common shares; and issued a $10 million convertible debenture paying a 3% coupon with a three year term and convertible into 6.62 million Aurcana common shares at $1.51 per share.

During July 2008 Aurcana released of a N.I. 43-101 compliant resource estimate on the 100% owned Shafter silver mine located in south-west Texas. The report was prepared by Tetra Tech Inc., of Golden Colorado and the full report can be viewed on the Aurcana website (www.aurcana.com) or on Sedar (www.sedar.com). Upon review by Aurcana, when considering the current strong silver prices, an economic cut off of four ounces per ton was calculated for use in a pre-feasibility study. The result is an increase of 15% in the total resource to 47.4 million ounces of silver, as compared to our previous release (April 2, 2008, Aurcana Acquires Near Term Silver Production Project) which stated an historic resource of 41.2 million ounces using a five ounce per ton cut off.

Changes in Accounting Policies

Effective January 1, 2008 the Company adopted the following new accounting standards:

Section 1400 - General Standards on Financial Statement Presentation

CICA Handbook Section 1400, as amended, changed the guidance related to management’s responsibility to assess the ability of an entity to continue as a going concern. Management is required to make an assessment of the Company’s ability to continue as a going concern, taking into account all information available for at least, but not limited to 12 months from the balance sheet date. Disclosure is required of material uncertainties related to events or conditions that cast significant doubt upon the Company’s ability to continue as a going concern. The adoption of this standard had no impact on the Company’s disclosures as these uncertainties have been, and continue to be, fully described herein.

Section 1535 - Capital Disclosures

Handbook Section 1535 “Capital Disclosures” specifies the disclosure of (i) an entity’s objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

Section 3031 – Inventories

This specifies standards for the measurement and disclosure of inventories. The adoption of this standard did not significantly impact the financial statements of the Company.

Financial Instruments - Disclosure (Section 3862) and Presentation (Section 3863)

These standards revise and enhance CICA 3861, *Financial Instruments - Disclosure and Presentation* (Section 3861). They carry forward the presentation requirements of Section 3861 and increase the disclosures required, which will enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The quantitative disclosures must provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel.

Recent accounting pronouncements

Section 3064 replaces CICA 3062 and establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The provisions relating to the definition and initial recognition of intangible assets are equivalent to the corresponding provisions of IAS 38, Intangible Assets. CICA 1000 - *Financial Statement Concepts* is amended to clarify criteria for recognition of an asset. CICA 3450 - *Research and Development Costs* is replaced by guidance in CICA 3064. EIC 27 is no longer applicable for entities that have adopted CICA 3064. A number of other EIC abstracts have inconsequential amendments. AcG 11 - *Enterprises in the Development Stage* is also amended to delete references to deferred costs and to provide guidance on development costs as intangible assets under CICA 3064. These changes are effective for the Company commencing January 1, 2009. The Company is currently assessing the financial reporting impact of this standard.

International Financial Reporting Standards (IFRS)

In 2006, the Canadian Accounting Standards Board (AcSB) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly listed companies to use IFRS, replacing Canadian GAAP. This date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. We are currently assessing the financial reporting impact of the transition to IFRS and the changeover date.

Subsequent Events

Subsequent to the original filing of the financial statements and this MD&A for the quarter ended June 30, 2008 the following events have occurred:

In early 2009, the Company fell into arrears on its silver deliveries to Silver Wheaton. The Company and Silver Wheaton have agreed on a remedy to this situation. At the date of this report the definitive agreement is being finalized.

In May 2009 the Company announced entering into an agreement to sell the Rosario property for $250,000, one million shares of the purchaser, and the assumption of all future property payments. Additional consideration of $3 million and 1 million shares is to be paid in installments upon production or within 24 months. The Company also announced the appointment of Lenic Rodriguez and President and CEO of the Company.

In June 2009 the Company announced a positive pre-feasibility study for the Shafter project.

In August 2009 the Company announced the dilution of its joint venture partner in the La Negra mine from a 20% ownership position to approximately 8%, and the assumption of direct operational control of the La Negra mine. The Company also announced the resignation of Antonio Berlanga and Ricardo Rodriguez as directors, the issuance of 3,875,000 stock options at an exercise price of $0.10 to directors, officers and consultants, and a renegotiation of the terms of the convertible debenture issued to Silver Standard.